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The Director of Central Intelligence
 Washington, D.C. 20505

National Intelligence Council

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 12 March 1985

MEMORANDUM FOR: Director of Central Intelligence
 Deputy Director of Central Intelligence

FROM: George Kolt
 National Intelligence Officer for Europe

SUBJECT: The Greek Situation

1. Introduction. Papandreou's unexpected decision not to back Karamanlis for reelection as President and Karamanlis's ensuing resignation from the Presidency have thrown Greek politics into an uproar, with potentially enormous implications for us. Having discussed the situation with our Ambassador to Greece, Monteagle Stearns, and with my DDI colleagues, I want to summarize for you my reading of the situation.

2. Why Did Papandreou and Karamanlis do what they did? After having promised Karamanlis that he would support him, Papandreou probably reversed himself for two fundamental reasons-- pique and a political calculation: pique because he resented polls showing that Karamanlis remained the most popular politician in Greece while he, Papandreou, was being ridiculed in leftist journals for continuing to compromise with Karamanlis; and political calculation because he came to fear (possibly after having received representations to that effect from leftist members of his party) that supporting Karamanlis would divide PASOK. As for Karamanlis, he rightly felt insulted by Papandreou's double-dealing, and probably resigned rather than face a possible defeat. Because a resigned president cannot have his name put in nomination in the ensuing election, this move takes him out of the running for now but is also likely to maximize popular misgivings about Papandreou's mistreatment of Greece's elder statesman.

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3. What happens now. The Parliament will begin voting this Sunday, 17 March, on a new president. To win, a candidate must have the support of 200 of the 300 deputies on the first or second ballots, or 180 deputies on a third ballot. Papandreou's candidate, Sartzetakis, is certainly within striking distance since PASOK has 165 seats, the communists, who have welcomed Papandreou's move, control 13 votes, (for a total of 178), and at least four of the 11 independent or small party deputies generally vote for PASOK. Still, Sartzetakis' victory is not assured: Some of the more moderate PASOK deputies may well take advantage of the secret ballot to defect and thus block his election.

4. What if Sartzetakis becomes President? Papandreou will have improved his position. Between now and October he must still hold parliamentary elections, but the timing will be up to him. Most important, should he win those elections, Papandreou will not only be able to diminish the powers of the Presidency as he wants to but he will also benefit from the benevolent neutrality of the new president instead of the malevolent neutrality of Karamanlis. Further, he will probably have at least the tacit support of the communist party, which has been buoyed by his dumping of Karamanlis. Thus, if Papandreou succeeds in forming a new government after the elections, the constraints on him will be lessened and it will be easier for him to implement some of the anti-US planks of his platform. (Some of my DDI colleagues believe that if PASOK's majority decreases, as may well happen, Papandreou will still face significant political constraints because the defections of a few deputies will be enough to topple his government.)

5. What if Parliament refuses to elect Sartzetakis President? Parliament must dissolve itself and new elections be held within 30 days. The new parliament then chooses a President by simple majority and, failing that, by a relative majority. Papandreou would enter these elections in the knowledge that some members of his party had deserted him and in the fear that a sizable number of centrist voters would also swing away from him to Mitsotakis. The danger is that he would try to recoup some popularity by provoking a foreign crisis--for instance, by prosecuting more vigorously his quarrels with the EC, NATO, or the US, or, more likely and more dangerously, with Turkey. Should he try this course, he probably still would not want to do something irreversible, such as pulling Greece out of NATO or actually initiating hostilities with Turkey. He would be playing for an internal audience and it would really be up to his self-chosen external enemy to show restraint so as not to give Papandreou the aura of martyrdom. If Papandreou can be kept from fully exploiting Greek nationalist feelings, his chances of winning the election will be lessened. Should Mitsotakis then win the elections, he would, of course, have to deal with the passions aroused by Papandreou and would still prosecute the more nationalist foreign policy adopted by Greece in the wake of the 1974 Cyprus debacle. But he would act in a more responsible way and would pay greater attention to the interests of the Alliance as a whole.

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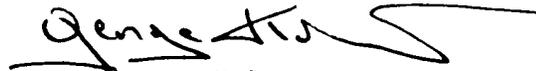
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6. What will and should the US do? Right now, the State Department is working on a message for President Reagan to send to Karamanlis. Its import would be to praise Karamanlis for his contributions to Greek democracy and to US-Greek relations, as well as to express the desire for continued good relations with the Greek people. I think this is the right approach: to take a positive stance toward Greece, implicitly to criticize Papandreou, but to do nothing that would give him the opportunity to present himself as an aggrieved victim and defender of Greek honor against foreign pressures.

7. In sum:

- Papandreou has embarked on a high-risk strategy. He has created an entirely new situation in which more surprise moves and unexpected developments are possible.
- It will be close, but Papandreou's chance of getting his man Sartzetakis elected President are slightly better than even.
- Whether Sartzetakis becomes President or not, Papandreou's dumping of Karamanlis will further polarize the Greek body politic and make for a bitterly fought Parliamentary election, whenever it is held.
- Mitsotakis's chances of winning the Parliamentary election have increased to about even. (My DDI colleagues believe the odds now favor Mitsotakis.) The sooner the election is held, the better for him.
- Should Papandreou win the election, he is unlikely to have a majority and will probably rely on the tacit or explicit support of the communists. He will probably prosecute much more vigorously the domestic socialist and international unaligned course which is at the heart of his philosophy.
- The Greek Parliament and the Greek people will, in effect, soon be voting not only on finite issues but shaping the future of Greek political life and deciding on the future of their country's relationship with the Western alliance.


George Kolt

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